UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK	
IN RE THE BEAR STEARNS COMPANIES, INC. SECURITIES, DERIVATIVE, AND ERISA LITIGATION	: Master File No.: : 08 M.D.L. 1963 (RWS)
This Document Relates To: Securities Action, No. 08 Civ. 2793 (RWS)	ECF Case
BRUCE S. SHERMAN,	- X :
Plaintiff,	: Index No.: : 09 Civ. 8161 (RWS)
V.	
BEAR STEARNS COMPANIES INC., JAMES CAYNE, and WARREN SPECTOR,	: FILED UNDER SEAL
Defendants.	
	: : X

PLAINTIFF BRUCE S. SHERMAN'S MEMORANDUM OF LAW IN SUPPORT OF HIS OPPOSITION TO DEFENDANTS' MOTION TO EXCLUDE THE REPORT AND TESTIMONY OF JOHN D. FINNERTY

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	Α.		OR TESTIMONY 5 kage Analysis Has Been Accepted by Both the Courts And the Relevant
		Scie	ntific Community
	B.		endants' Criticisms of Dr. Finnerty's Leakage Analysis Are Baseless And, in Event, Are Criticisms That Should Be Addressed to the Fact Finder
		1.	Dr. Finnerty sufficiently identifies the leakage of the relevant truth into the market, while Defendants' criticisms reflect a misunderstanding of leakage.
		2	Dr. Finnerty's treatment of Bear-specific, non-fraud-related news on "mixed news days" is proper and, in any event, does not significantly affect his inflation calculation.
		3.	Dr. Finnerty's treatment days where there was only non-fraud-related public news is proper and, in any event, does not significantly affect his inflation calculation.
II.	THE	LEAL	ERTY'S CALCULATION OF STOCK-PRICE INFLATION PRIOR TO KAGE PERIOD IS BASED ON THE ACCEPTED AND RELIABLE IT DOLLAR METHOD
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